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Mungen, William

United States debt

Washington

1869

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No. 17

UNITED STATES DEBT.

SPEECH

OF

HON. WILLIAM MUNGEN,

OF OHIO,

AGAINST PAYING THE BONDED DEBT MORE THAN ONCE;

DELIVERED

IN THE HOUSE OF REPRESENTATIVES,

DECEMBER 16, 1869.

WASHINGTON:
F. & J. RIVES & GEO. A. BAILEY,
REPORTERS AND PRINTERS OF THE DEBATES OF CONGRESS.
1869.

Aug. '98. I. & Co.

UNITED STATES DEBT.

The House being in the Committee of the Whole on the state of the Union—

Mr. MUNGEN said:

Mr. CHAIRMAN: For the statements I am about to make and the course of policy which I believe ought to be pursued by us in regard to a portion of our public debt, and for the reasons and arguments I shall bring forward in support of my views on these questions, I wish no party or man to be held responsible but myself. I shall attempt to give my own views, condensed as much as possible, having only one hour to speak on the questions mentioned, acting as an individual member of this House and responsible only to the Almighty under the oath I have taken and to the hard-working constituency I have the honor to represent on this floor.

The President of the United States in his recent message has marked out his line of financial policy, which, in my humble opinion, very respectfully stated, is just such a line as the bondholders and national bankers would have recommended if a committee of their ablest and most unscrupulous men were to express their views on the financial condition of the country, and mark out a course by which they could most successfully fleece the people. Judging from certain recent money transactions in the city of New York and in Washington city, I am not much astonished that our excellent President has taken the course he did. He is now going to stop such affairs, he says. When a man has satisfied his hunger he feels for the time that he will not want any more to eat. The issue is now fairly made up; the message has settled and defined it. The plain issue, stripped of all verbiage, is the subjugation of the people by the moneyed power of the nation, or the repudiation of the bonded debt. The message is before the people, and I cannot spare time to quote from it.

Having carefully and anxiously watched the course pursued by the leaders of the Republican party, and especially the nature and character of their congressional legislation, I have come to the deliberate conclusion that they have but two objects in view, but two things to accomplish, but two motives which govern and control them. The message but strengthens my belief on this point. The first and paramount of these is to keep the Radical party in power; the second is how to get all the money possible off the people without provoking resistance. The latter is now called statesmanship by some. The President and Mr. Boutwell, his Secretary of the Treasury, boast that they have collected more revenue since they have been in office than was collected in the nine months preceding. They might as well say they have been more successful in robbing the people. I have sought in vain through the statutes and the resolutions passed by the last few Congresses, all largely Republican, and the late message of the President, and can discover no other motives underlying them. One or the other of the two, either in a direct or indirect form, is at the bottom of all their legislation. The good of the masses of the people is lost sight of or ignored, while every successive act of legislation, and the recent recommendations of the Executive, serve but to bind and rivet the chains of slavery more tightly upon the people. The American people have been made slaves by Republican legislation. Professor Walker, in his work entitled the Science of

Wealth, page 361, defines a slave to be "one who does not enjoy the fruits of his labor further than to preserve his efficiency. It is little matter in what way this is brought about, whether by lawless violence or legal exactions, the result is the same." There is no doubt about the correctness of the professor's statement, or the fact that the people are slaves in the sense in which he uses the term. In this view of the case who is not a slave in all our broad land? Who enjoys the fruits of his labor? Who is not robbed by the tax-gatherers? Who is a freeman except the bondholder, who is exempted from State and municipal taxation? He is the aristocratic lord of his numerous vassals, and they are the laboring and producing classes, the children of toil whose muscles and sweat and labor are coined into gold to pay interest on the bonds, in a majority of cases fraudulently obtained by the lordly bondholder.

Webster defines the noun slave to be "a person who is held in bondage to another, a drudge, one who labors like a slave," &c. Are not the American people held in bondage? Franklin said "the debtor is the slave of the creditor." This being true, they are all slaves to the bondholders. What difference to them whether held in bondage to the bondholders through the intervention of Congress, or whether they are so held directly, without congressional intervention? If the bondholders had to visit their victims, the tax-payers, in person, and exact the payment of their gold interest, how long would the people submit to such a thing? Yet that would be better, if it could be done, for it would do away with the swarms of assessors and their deputies, collectors and their assistants and spies, detectives, and all the tens of thousands of revenue officers who yearly take up and receive one half of the revenue tax collected for all purposes; collected to pay the interest on the bonds to support a large and unnecessary standing army, to feed and clothe indolent negroes through the agency of that immense swindle called the Freedmen's Bureau, to educate little negroes at school and educate big negroes at General Howard's college, and for the numerous other useless, not to say infamous, corrupt and festering sores on the body-politic. The Radical party is chargeable with these things; and Special Commissioner Wells, in his report for 1868, says:

"The Commissioner in both of his previous reports has given it as his opinion, and adduced facts in support of the same, that not over fifty per cent. of the amount of assessed internal revenue taxes is received in the national Treasury."

Commissioner Clarke says substantially the same thing. Thus we see that the people to satisfy the claim of a bondholder for $100 interest in gold—for instance, with gold at 130—have to pay to the tax-collector $260 in currency; one half of which goes to the bondholder; the other half goes to enrich corrupt Government officials, perhaps to enable them to pay the enormous levies of black-mail put upon them by the Radical leaders for election purposes each year.

The public debt in bonds amounts to about $2,600,000,000; the interest on this in gold is annually $146,000,000. To pay this interest the people are taxed twice that amount, or $292,000,000 in gold, or $438,000,000 in currency, under Radical legislation. For all this the people simply get in return the glorious satisfaction of having contributed to swell the wealth of the bloated and aristocratic bondholder; to feed and clothe and fill the pockets of a lot of dishonest Government officials, and to keep up the splendor and extravagance of a Republican administration.

The President seems to lay particular stress upon the economy of his Administration, but says nothing about the numerous pleasure trips of his Excellency and his Cabinet on a Government vessel, the Tallapoosa, and at the Government expense. He says nothing about Long Branch, or the other fashionable places of resort where he was "wined and dined" and distinguished himself in various ways; nothing about his Secretary of the Treasury, Mr. Boutwell, paying a premium of twenty-two per cent. for five-twenty bonds which were redeemable in currency by virtue of their terms and of the act of July 11, 1862, known as the "legal-tender act," and in clear violation of section twenty-three of the national bank act, from which I will quote only a paragraph, after authorizing the issue of currency by them:

"And the same shall be received at par in all parts of the United States in payment of taxes, excises, public lands, and all other dues to the United States, except for duties on imports; and also for all salaries and other debts and demands owing by the United States to individuals, corporations, and associations within the United States, except interest on the public debt, and in redemption of the national currency."

For thus violating the laws he was sworn to support, in my opinion, he ought to be impeached. This may be some new fashioned economy, but the people will fail to appreciate the style.

The Cincinnati Enquirer, with more courage than consideration, attacked me a few days since for not voting for the bill introduced by the honorable gentleman from Illinois, [Mr. INGERSOLL,] providing for the issue of $44,000,000. That bill contained a proviso legalizing and authorizing the purchase and redemption by the Secretary of the Treasury of bonds at his discretion and at such premium as he might see proper. We have had enough of his style of redemption of bonds, and I could not under my oath, nor will I ever, vote to allow Mr. Boutwell to give to the bondholder a premium of twenty-two per cent. for bonds which were payable at their face in currency. The issue of the additional currency and the discretionary power to pay such premiums were in the bill together. While willing to have the additional $44,000,000 issued I was unwilling to legalize the Boutwell swindle. If the Enquirer can make any capital for itself or against me it is welcome thereto.

This state of affairs must have an end. Labor, which produces every dollar of wealth, pays every dollar of interest on the bonds, pays every cent of Government expense, cannot stand such pressure; it must and will free itself from such tyranny and oppression, and now is as good a time as any to commence.

It has been truly said that "no large national war debt was ever paid or discharged except by repudiation." The great body of the bondholders to-day really do not desire to see the national debt paid, but they are anxious to have it made perpetual; they want a secure place to invest their wealth, and they want the laws so made as to mortgage the present and all succeeding generations, our children and our children's children; mortgage their lands, their labor, their toil, their sweat, their flesh and blood to the payment of the claims of a puffed-up and insolent aristocracy—an aristocracy of wealth, ill-gotten wealth at that. Will the American people submit to this? If so, how long can they bear the burden? For one, so far as the debt represented by the bonds of the United States alluded to by Secretary Boutwell in his last report is concerned—I mean the bonds represented by the terms "five-twenties," "seven-thirties," "ten-forties," &c.—I am in favor of repudiation.

It is not to be supposed that history furnishes no parallels or examples. I beg to call gentlemen's attention to a few facts in this connection before giving my reasons for favoring this course of policy toward a portion of the creditors of our Government, before giving some reasons for the faith that is in me that repudiation is right and is the only course by which the people can save their liberties and preserve their country and a free Government.

One of the Grecian States, Lacedæmon, squarely repudiated all its obligations, public and private, soon after Lycurgus returned from Crete and the Ionian Isles. On page 25 of Hallam's Constitutional History of England, and also in Burnett on the same subject, we find that during the reign of Henry VIII the Parliament "freely, liberally, and absolutely granted him all and every sum or sums of money which were due by him on any and every promise, bond, or obligation of every kind and nature whatsoever." Hallam quotes Burnett, and says:

"This act gave great offense, for some had made wills embracing these bonds, others had pledged them for their debts; but there was no remedy."

The same author tells us that about twenty years afterward Parliament passed an act of a most extraordinary character, which provided that the king, or as we would probably say the Government, should be discharged from all debts contracted by loan or otherwise subsequent to a given date; and that if he had already paid any of those debts "the party or his heirs should repay his Majesty." (Hallam, page 25.) When Charles II closed the exchequer of England he repudiated the public debts to the amount of $14,000,000, which in those days was quite a large sum. Allow me to remark in passing that out of this originated the present enormous debt of Great Britain; for subsequently the matter was compromised, and the Government recognized the sum of

abou three million three hundred and twenty thousand dollars—in English money it was £664 226. As before remarked, this trifling sum was the origin of England's debt to-day. The debt was not started by repudiation, but by compromise, by funding, by a sharp business arrangement such as is now proposed here. That Government, as well as nearly if not quite every European nation, has repudiated by depreciating their currency. Our own silver coin is not so pure as was the old "Spanish milled dollar." The Hapsburgs of Austria never kept any promise, whether made in regard to money or anything else. In America Massachusetts was the first of the old Colonies to lead off in repudiation, to repudiate her public debt; now her citizens are most clamorous for the payment in gold of the bonded debt because they possess a very large proportion of those bonds. In the year 1749, one hundred and twenty years ago, she paid off her public debt with twelve cents on the hundred Her public debt was £2,200,000, or about eleven million dollars; yet she compelled her creditors to receive less than one eighth that sum in full satisfaction of the debt for which "the faith of the Colony was pledged." (See Gouge, quoted by Moran, page 84.)

About the year 1790, or not long after the revolutionary war, the State of Virginia "retired" her paper-money issues by funding them at the rate of one dollar for each thousand. (Hildreth, 2d series, vol. 1, page 171.) From Blackwood's Magazine of December, 1849, an English work, we learn that about the year 1824 there had been immense sums of money invested in what were called foreign loans: several Spanish-American loans; loans to the Central American Governments, loans to Spain, Greece, and Portugal; all of which Governments repudiated, the last three particularly so.

France has repudiated many times. Brisson mentions five national bankruptcies in that country, which are alluded to in the Bankers' Magazine for February, 1847. There have been some fourteen of them. The issue of *assignats*, which were a national paper currency, amounted at one time during the French revolution to over forty-five thousand million francs, or about nine thousand million dollars; yet they became as low in value as one half of one per cent. of their nominal value, and finally totally worthless. A small portion of them were redeemed with what were called "mandats" at the rate of thirty-eight to one. These were also a national currency, and they also were repudiated.

But when in December last the honorable gentleman from Pennsylvania (Mr. Broomall) introduced his resolution "against every form and degree of repudiation," and while it was under discussion, some champion of the bondholders on this floor made the broad assertion that this Government never had repudiated its obligations or refused to pay them in full, and never would. The history of the past contradicts his assertion, and the action of the future will contradict his prophecy. To show how little the honorable gentleman knew about the subject it is only necessary to mention a few instances in the history of this country. Allow me to quote from the pen of a vigorous writer on this subject, Isaac Butts, esq., of Rochester, New York, who has published a pamphlet in favor of repudiation which displays great ability and research. He says: "Never perhaps was the public faith more solemnly pledged to public creditors than in the case of our old 'continental money;' and certainly no obligation was ever more effectually repudiated. When that 'money' showed signs of depreciation it was rumored that it would be allowed to die in the hands of the holders. But Congress denounced such rumors as 'false' and derogatory to the honor of Congress.'" (See Hildreth, first series, vol. 3, page 265.) The same body declared that this "money" should be redeemed, dollar for dollar; and that the liberties of the people would be cheaply bought at that price. Congress passed legal-tender acts, penal laws, and laws limiting prices, but all to no purpose. As early as 1782–83 "all hands" agreed that it should not be paid. Before the close of the war Congress itself proposed to repudiate ninety-nine dollars of every hundred by "funding" the "money" at the rate of one hundred to one. (See Benton's History of Congress, vol. 2, page 1586.)

But nothing of the kind was ever accomplished. The depreciation went on until it reached one thousand for one, and then it dropped out of circulation altogether. It was

still the occasional subject of consideration by Congress up to the close of the war. But in a schedule of the public debt of the United States prepared by the "grand committee" of Congress in April, 1783, the item of continental money is not even mentioned, so effectually had its repudiation become a fact accomplished in the estimation of that committee. Yet the issues of continental money were estimated by Alexander Hamilton at $357,476,541, (see Moran's Money, page 88,) while the public debt recognized by the "grand committee" amounted to but $35,500,375. (See Madison Papers, volume 1, page 434.) "Now, it cannot be denied," says the same writer, "that the public faith was as sacredly and solemnly pledged to the payment of the continental money as it is to the payment of our present public debt." Nor will any American affirm that in respect to moral obligation on the part of the people, individually, the holders of the continental money had not a claim quite as strong as the holders of our public debt have now. But notwithstanding the proceeds of the continental money "bought our liberties" for us, that debt was effectually and finally repudiated by the generation, and, to some extent, by the very public men who contracted it.

I have in my possession one of those old continental notes which I presented to General Spinner, the Treasurer of the United States, and also to Mr. McCulloch, when Secretary of the Treasury, for redemption; both of these gentlemen informed me in a very pleasant manner that there was an act of Congress forbidding the redemption of that kind of paper. That act was repudiation. But the repudiation of the continental currency did not retard the growth of this country; nor did any of the repudiations mentioned do serious injury to the prosperity of the nations and countries so repudiating. These repudiations affected a few of the citizens of those countries; perhaps one in fifty thousand, just as repudiation here would; but they relieved the masses of the people of the burdens of taxation, which were in every instance crushing the life out of them; they knocked the fetters from their wrists and bade them hope; for the effect was that they might be freemen, not slaves, and enjoy the fruits and rewards of their own toil and energy. They gave new life and buoyancy to the nations and countries. There will be some bondholders and bankers, men who have not gained their wealth by industry and honesty in most cases, who will be cut off somewhat in their surplus wealth by repudiation. Phlebotomy and cathartics sometimes are very beneficial to surcharged systems; repudiation would have the same effect on the purses of some individuals, and might even be of personal benefit both here and hereafter, for the Lord hates the haughty spirit, and they would doubtless become more humble. The nation's pulse would beat livelier, labor would breathe more freely, and the national health would be greatly improved if the burden of $146,000,000 of gold interest annually was taken off, and then as much more which goes to the officers who collect it; $392,000,000 in gold is a heavy load annually.

But I am in favor of repudiating the bonds issued for this debt because they were in nine cases out of ten dishonestly obtained; got through fraudulent contracts, shoddy contracts, &c; because they were mostly bought for from thirty-five to fifty cents on the dollar, and were bought by capitalists at this reduced rate by a systematized and unpatriotic course of what I denominate swindling. The capitalists of the country did not advance a dollar to the Government until it was at its last extremity. Permit me to repeat words spoken by me on this floor in January last:

"Government struggling for its life; Wall-street brokers looking calmly on as it is getting weaker from loss of blood and the enormous drain upon its energies. Wall-street broker says to Uncle Sam: "I will let you have $400,000 on one or two trifling conditions." Uncle Sam wishes to ascertain the conditions, when he is coolly informed that Mr. Broker must have Government bonds to the amount of $1,000,000 for his $400,000; must have six per cent. interest in gold, payable semi-annually, on the $1,000,000, and must be exempt from the payment of all local and municipal taxes, and then the notes may be payable in from five to twenty years. Government must have money or die, and is forced to accept the swindling proposition. Jeff. Davis & Co., looking on, say: "A Government forced to that condition, forced to accept such terms, cannot stand long. Let us hope. Her capitalists are doing more to break their Government down than the confederate forces can do by fighting."

They were thus encouraged, and I feel safe in saying that if the capitalists had come manfully up and advanced their funds to aid the Government to put down the rebellion as freely as the soldiers in the field and the sailors in the Navy bared their breasts to the red flame of

battle the war would not have lasted half the time it did. The capitalists had the money to give and as much as was necessary, at first, but would not give it until they got two or three hundred per cent. profit. Out upon the hypocritical cry of loyalty now raised by such men to extort more money from the toiling and laboring masses of the country! The capitalists, with one or two honorable exceptions, are fairly chargeable with half the lives lost in the war.

The claim that they bought the bonds from loyal motives is without foundation. The same motive prompted the Englishman to buy them which actuated the Wall-street swindler when he purchased. Who will claim that the Englishman purchased bonds because he loved this Government? He was as loyal when he was fitting out the piratical Tallahassee and Alabama as when he bought the bonds. They were all purchased on speculation. If these bondholders had never received a cent from Government their patriotism would have been fully paid They have no patriotism. We should not tax the soldiers and sailors who fought, nor their widows and orphans, on the pittance left to them after their great bereavement to pay those unjust debts. Let us wipe them out.

It is not unjust to repudiate those bonds because the holders have in a large majority of cases received more money in gold from the Government in the shape of interest than they originally invested in the purchase of the bonds, including interest on the investment.

To illustrate: seven years ago a Wall-street capitalist purchased a Government bond calling for $1,000; for this he gave to the Government forty per cent., or $400. During these seven years he has received interest regularly at six per cent. per annum on $1,000, the face of the bond, payable every six months. Compound interest on $1,000 at six per cent. will in seven years amount to $512 56 in gold, which would be $768 84 in currency. He has been exempted from all local and municipal taxes, which at a reasonable rate saves him two and one half per cent. per annum, and which in the time mentioned amounts on the face of the bond to $175. Franklin said that a penny saved is as good as a penny earned. Add these items together, and they amount to $687 56 in gold, or, in currency, $943 84. Now, compound interest on $400, the amount invested, amounts to $201 45 in gold, or in currency $302 17, which, added to the $400, equals $601 45 in gold, or $702 17 in currency, leaving a difference in favor of the bondholder over the man who invests his money honestly of $86 11 in gold, or $221 67 in currency. If we deduct from this two and one half per cent. for taxation it still leaves $16 11 in gold, or $179 67 in currency in favor of the bondholder. Is there anything wrong or unjust in repudiating such a debt? The people have paid the bonds, and are entitled to have them canceled just as much as a person is entitled to have his promissory note canceled when he pays it up in full with interest. It is gross injustice to grind the laborer, the merchant, the mechanic, the widow, and the crippled soldier to the earth to pay these bonds a second time, and this too for the sole purpose of keeping up a bloated and insolent bondholding and banking aristocracy.

I am in favor of repudiating this bondholding debt because it is sapping the very foundations of Government and to an alarming extent has controlled the action of the past few Congresses. It has been the cause, in my opinion, to a great degree, of that system of legislation which prompted a thwarting of the legitimate powers of the Supreme Court of the United States, and of the general tendency to the centralization of the powers of Government in what is now by my Radical friends called "the Government," namely, Congress; which is again by some called a "rump concern." Without charging corruption or venality on any member of the present Congress I may be allowed to repeat what the great head and front of Radicalism, "the noblest Roman of them all," the late Mr. Stevens said in a letter to a friend, "that no honest man could come to Congress and make any money; but that it was passing strange that some men who were hardly able to pay their necessary expenses at home would come to Congress and in a few years be worth millions of dollars." If this overshadowing debt were wiped out I do not think that any member of the present Congress would be likely to be tempted.

I am in favor of wiping out this bonded debt because on it the national bank currency is

based; and when it is wiped out the notes of the Government will for a time, until we can come back to the constitutional currency at least, take the place of these national bank notes. This would increase the volume of the currency one tenth and no more. It is well known that between the gold interest received on about three hundred and forty-two million four hundred and seventy-five thousand dollars of bonds deposited by bankers as collateral security for about three hundred million dollars of circulation issued by the Government to them, and the shrewd and cunning manipulation of the currency so received, the national bankers manage to make from twenty-four to thirty-seven per cent. on their bonds per annum in currency. This amounts to about one hundred million dollars and doubles their investment in a little over three years, all at the expense of labor entirely, and all inuring to the benefit of capital. The Comptroller of the Treasury says in his annual report delivered to this House on the 6th instant that the national banks loan the people $700,000,000 annually. Interest on this amount at six per cent. would be $42,000,000. Deduct $1,000,000 from that sum as interest paid to depositors it would leave $41,000,000 clear. I know of national banks advertising that they will pay ten per cent. interest on deposits for six months, and they make enormous profits on those deposits. Some have declared thirty-seven per cent. annually. They receive at least twelve per cent. clear profit, which would be $84,000,000 each year. Some of them declare dividends of thirty-seven per cent. on their capital. Some gentlemen have said that the national banks, like a national debt, are a national blessing. I do not so understand the matter.

Another reason for repudiation is that the taxes to pay the interest on these bonds as long as they are in existence is a prior lien on the property, labor, bone, muscle, and earnings of the masses. The private debts of the citizen may go unpaid, and his wife and children may suffer the pinchings and privations of cold and hunger, but the interest on the bonds must be paid; the Government officials must have their proportion; Mr. and Mrs. Shoddy must have their carriage and their servants, and their plate, and their jewelry, and their luxuries despite the sufferings of the masses.

Again, the expense is so enormous and comes entirely off of labor, while these bondholders are exempt from taxes, that to use the language of the London Times of February 11, 1868, when speaking of a similar state of things in England, "everywhere is the weak ground to the dust with taxation to supply the wants of the strong."

Again, "the blessings of Government, like the dews of heaven, should descend on all alike—high and low, rich and poor." They do not so descend now, nor will they ever as long as the bonds remain extant. The bondholders pay no tax; the poor and lowly, the producing and toiling masses, pay all. The blessings are under this banking and bond system reserved for the rich; the curses and bitterness and drudgery for the laborer.

As another reason for repudiation let me quote an English writer's remarks of the stock speculator:

> "He is in everything, save decency of appearance, on a par with the haunter of the Casino. He may, if he so pleases, designate himself an invester, but in reality he is a common gamester. This may be hard truth, but it is a wholesome one."

Now, the man who after his country has been forced by such a war as the last one to sell him its bond for $1,000, with all its benefits and exemptions, for $400, and "take the chances," does it exactly on the principle that the gambler invests his money on any game of chance. There is no loyalty in such a man. He made the investment for speculation; nor should he complain if after having received more than he invested with interest the Government should refuse to pay; nor does the change and transfer of five-twenties into ten-forties alter the principle or cover up the fraud.

It is justly and truly said "that all property and wealth is the product of physical or intellectual labor." If this bonded debt be paid, then "property," or its equivalent, which will command property, must be handed over to the bondholder in exchange for his bonds. The foregoing axiom being true the result is that labor finally pays the debt over and over. This is what I object to. Capital pays nothing. Labor pays tribute year after year to capital, until capital has received far more

than its original investment with the interest thereon; and then the payment of the face of the bonds extorts two hundred and fifty per cent. more, in addition to the capital invested, from labor and hands it over to the bondholders. In other words, after having far more than paid the investment with interest, labor must in addition pay $1,000 to the bondholder for each $400 he invested. This is outrageous; and the bonded debt should be at once repudiated on every principle of justice.

But I favor the repudiation of this debt because our Government, controlled as it has been for the last eight years and as it now is nearly entirely by the moneyed aristocracy of the country, is paying more and greater interest on money than any individual can afford to pay for its use in any legitimate trade or business. Six per cent. in gold has averaged fully nine per cent. in currency ever since the bonds were issued. This, too, is without taking into consideration the amount, say one and a half per cent. per month, or, as it was in New York a year ago, one half of one per cent. per day, which the national banks charged through brokers. They would not discount to their best customers or depositors, but loaned their money nominally, perhaps, but freely through the president, or cashier, or some one else connected with their institutions, as his or their private funds to brokers, who for a consideration loaned it out on call, as above stated, to men who were forced to borrow to save themselves from bankruptcy. I wish to do away with this swindling arrangement. Repudiation of this debt will do away with the swindle. I favor the repudiation of this bonded debt, because when it is or shall have been wiped out; when the Government shall have ceased to pay the enormous interest and profit which it does on money, and all at the expense of labor, it will drive capital into legitimate channels; will force it into investments which will develop the resources of our country, build up our shipping and commercial interests, our mining and mineral interests, develop and improve the vast water powers of the nation, erect mills and manufactories, furnaces, founderies, and machine shops; complete unfinished railroads, build up new ones, add new buildings and improvements to our towns and cities, break up the western prairies, clear off the dense forests of our new States, and, literally speaking, make the wilderness blossom as the rose, and the western prairies rival and surpass the far-famed fertility of the valley of the Nile in the proudest days of the proudest Pharaohs.

Wipe out this oppressive debt and the equilibrium of trade and business will be restored. I appeal to every man to say who, if not the money power, the bondholders, and the national bankers, control the business interests of the country? Such men as Fisk, Vanderbilt, Astor, Stewart, and other men of known wealth are mere bagatelles in and of themselves.

But there is another reason why the whole financial system growing out of the issue of these bonds should be abolished which to my mind is entirely sufficient. It is a deplorable, a startling fact, that the Secretary of the Treasury has more power over the fortunes of men and over their earnings than Seward had over the lives and liberties of the people of the North when he shook that infamous bell, the mere sound of which immured men in bastiles without charge or trial, and from whence few came away alive. When the late great financial excitement was culminating in Wall street Mr. Boutwell was quietly sitting, not exactly in Cabinet meeting, but nearly so, watching the progress of events and reading telegraphic dispatches. Bankruptcy and ruin were staring thousands upon thousands of honest men in the face. Under this bond and bank system he was the observed of all observers. Every eye was turned toward him, every appeal was sent to him, for he was the only one who, under our worthy President, had the power to save—"he could protect and he could destroy." He held the gold, the people's gold, and as soon as interest or duty prompted he could with a stroke of his pen or by a "click" of the telegraph stop the infamous proceedings. If the Secretary of the Treasury and our worthy President and all their relations and friends, direct, collateral and official, had not been honest under the circumstances alluded to how easy it would have been for the bulls of Wall street to have an arrangement by which the Secretary could have controlled the gold until all of them had

amassed colossal fortunes! Let us wipe out the bonds lest dishonest men should succeed our officials and play such a game as they might have played.

Gentlemen may and do talk about the faith of the Government being pledged to the payment of the bonds, and the sacredness of that plighted faith. The receipts and vouchers given by our Army officers to loyal men under the sanction and by the authority of our Government for hundreds of millions of dollars' worth of property taken and used or destroyed by the Army during the war are certainly as sacred as bonds signed by the Treasurer and Register of the Treasury. This plighted faith of the Government is totally disregarded by the party in power. I regard the rights of the masses as paramount to the rights of capitalists.

The wisdom of Ulysses is highly extolled by old Homer in the Illiad; but he never dreamed in all his philosophy of reducing the circulating medium at a time like the present, and thus bringing utter ruin and bankruptcy on the West and South. This suggestion of our Secretary is backed and indorsed by our worthy President and the bondholders. This scheme will force men to pay debts in gold which were contracted to be paid in an inflated paper currency and ruin the debtor for the benefit of the creditor. Let us repudiate the bonds and stop such iniquitous and unjust proceedings.

But I am in favor of repudiation as a set-off to the repudiation of $4,000,000,000 of the claims filed by loyal men against this Government for losses and damages sustained by the war and property furnished for and used and taken by our Government for war purposes.

On the 25th day of April, 1866, Mr. Delano used the following language on this floor:

> "The nation now groans with the weight of public debt and taxation. I know there are now floating claims against this nation not less in amount than $4,000,000,000; and these, if admitted at all, will never be settled with less than $2,000,000,000."

In a colloquy at the time between Mr. Boutwell, now the Secretary of the Treasury, and Mr. Delano in regard to the payment of these claims, Mr. Boutwell said "he would as lief spend the money on the Niagara ship-canal." He always opposed that project, and openly declared his unwillingness to pay these claims, although Mr. Delano said they were the claims of loyal persons.

Why will not this Government pay the losses of those loyal southern men and women who periled everything, lost everything, endured everything for this Government; who traveled over mountains and across valleys; waded through streams in the dead of winter; those who, with naked and bleeding feet, weak and exhausted with hunger and cold, sought refuge under the starry flag far from their homes? Those who at the peril of their lives fed and sheltered and secreted the Union soldiers who had escaped from the prison pens of the South; those poor women whose husbands and sons were cruelly butchered by the rebels before their eyes because those men and women loved the Union—why not pay them? No, no; the bondholder is the only person worth looking after. The party or the Congress who can disregard the appeals of those loyalists of the South such as I have mentioned need not abuse me because I will not favor the payment of the bonds twice.

The Republican party have practically repudiated $4,000,000,000 of honest debts. Secretary Boutwell would as soon spend it in what he thinks a useless project as to pay it to honest claimants. The estimate he and his party place on these claims and on the bondholders' claims exhibit a most striking contrast.

The iniquitous distribution of wealth, and particularly of power, the power of wealth, which accrues to the comparatively few from the present fraudulent bondholding and banking system, will be destroyed by repudiating those bonds, and thenceforth those aristocratic gentlemen will have to compete on equal terms with those who have been borne down by their oppressions, special privileges, and exemptions from liabilities. Industry, enterprise, and frugality will soon restore that equilibrium which the unjust distribution of Government favors through unjust legislation has so materially destroyed. The $2,600,000,000 now represented by bonds will yield no more to its possessors than does that value in the broad acres of the West to the hardy sons of toil. Repudiation of this debt will free the nation from an incu-

bn and make the capital of the rich come on the same footing with the poor—the rich still, however, holding the advantage in proportion to their wealth or capital, but a fair relative proportion and no more. This is simple justice; and this I am in favor of, and that immediately.

The best writers on political economy and financial matters agree that the average rate of profit on capital, money excepted, does not amount, after taxation and other necessary incidental expenses, to more than two per cent., and this, too, with the constant labor, care, and watchfulness of the owners. The bondholder and banker make about thirty per cent., counted in currency, and this without any particular labor; for the Government kindly hires and pays men to gather up their gold interest and to hand it over to them. But these bonds ought to be repudiated, because the contract by and through which they were obtained was usurious and contrary to public policy. The same moral rules will apply to a government that applies to a person. A government may make promises, like an individual, which ought not to be kept. It may "pledge its faith" in such manner and for such purposes as to be void of all moral obligation. A man under certain pressing circumstances may borrow $100 from another, give his note for it, and promise to pay $100 interest or $100 for its use in one day thereafter. In this case there is no moral obligation to fulfill such a contract, nor is there a law on the statute-book of any government to compel him so to do. No right-minded man will claim that such a contract, such an amount, should be required by the lender; nor will any fair man say that the borrower could or should be either legally or morally bound to fulfill its terms.

A government may do wrong in such matters just as individuals may do wrong; but the laws of God and man alike release both men and governments from such obligations, although voluntarily assumed. The Bible, in the twenty-fifth chapter of Leviticus, says:

"And if thy brother be waxen poor and fallen in decay with thee, thou shalt relieve him: yea, though he be a stranger, or a sojourner. *Take thou no usury of him.* Thou shalt not give him thy money upon usury, nor lend him thy victuals upon increase."

Again, in the eighteenth chapter of Ezekiel, we find these words:

"He that hath not given forth upon usury" * * * "hath executed true judgment between man and man." * * * * * "He that hath given forth upon usury and hath taken increase he shall not live." * * * * * "He that hath not received usury shall surely live."

According to this what shall become of the bondholders and bankers?

Under the Jewish law all debtors and slaves were free in the year of jubilee. When this bonded debt shall be wiped out the American people will be free; it will be truly the year of jubilee to them. Another reason for the repudiation of this bonded debt is that the men who contracted it, and through whose agency the laws were enacted authorizing such unexampled swindling, did not assume to bind themselves, but to bind the people, and that, too, without their consent. The people had not been consulted on the subject; the whole system was the creation of capitalists and got up to rob the people. On the principle that one Congress can repeal any act passed by a preceding one, why not repeal this whole system of fraud and peculation?

I said that the contract between the Government and the bondholders was usurious and ought to be abrogated. Every State in the Union and every civilized nation nearly have their laws regulating usury. These laws are made to protect the weak against the strong, the poor against the rich. Human wisdom, embodied in statutory enactments, expressed in every form, in the Bible, in the play of the "Merchant of Venice," in every day life, is against the bondholders and bankers. They are the enemies of the people, the enemies of progress, the vampires who are daily drawing the life-blood from the toiling millions to feed and pamper themselves and their haughty families.

Another reason for the repudiation of these bonds is that it would restore society to a healthy condition, do away with those useless and unjust distinctions which have lately grown up among the people.

If we repudiate this debt we go very far toward bringing the Government back to its true standard in a social point of view, when merit, not mere wealth, shall constitute the

standard by which persons are to be judged. And merit, not mere wealth, is the only true rule by which a people can ever become great and prosperous.

Another reason is that labor has the power and the moral right to say whether or not these bonds shall be paid twice; whether or not this continual drain in gold interest shall go on; whether or not the people shall continue to be slaves, in the sense Professor Walker uses the word.

I have said that all wealth is the result or product of labor, and I may add that capital of itself produces nothing. What would a thousand or a million of dollars in gold locked up in the safe of some banker or bondholder produce? Nothing. These moneyed gentlemen know this; and they have invested their wealth, frequently ill-gotten wealth, in Government bonds, and Congress taxes the people to pay the gold interest thereon. Gentlemen may say that repudiation is revolution. Call it what you will, repudiation of this bonded debt is justice, because it has already been paid. If it is revolution then I am a revolutionist. England boasts of the revolution of 1688—America boasts of the Revolution of 1776; and both Governments owe whatever of freedom and liberty they possess to those revolutions. Labor has the power and moral right to thus revolutionize; it can be done without bloodshed. This debt can be repudiated; labor can be relieved of its unjust burden of taxation; capital can be made bear its proportion of the taxes through the means of the ballot-box, and by electing to office men who will regard the rights of labor as being as sacred as the rights of capital. The rights of labor are more sacred—far more to be regarded and legislated for and looked after than the rights of capital; for from labor comes everything we have; everything which makes a nation great; everything which, under God's blessing, makes a people prosperous and happy.

Labor has the votes. Why not throw aside party prejudices and use these votes at the right time and for the right? Capitalists look sharply after their interests, and their whole study is how to make the most out of their money, how to enhance their interests. Why does not labor do the same? If the capitalists had the same numerical power at the ballot-box they would double the principal and interest of their bonds at will; they would extend their privileges of exemption from taxation to all forms of property they own or possess, and thus transfer all the burdens of taxation from themselves to labor. What sensible man doubts this? Has a Shylock any conscience? Sixty per cent. of the cost of their bonds represent "shave;" forty per cent., money. Are they not as clamorous for the "shave" part as for the other? If they could extort from labor $500 for one would they not do so? Why, then, will labor not defend itself at the ballot-box and elect men to office, to Congress, if you please, who will legislate on the principle enunciated by Jeremy Bentham, "the greatest good to the greatest number;" or, as Jefferson advised, "Let the Government take care of the poor and the rich will take care of themselves?" If the voter, the laborer, the tax-payer, will stop and think what the bondholders are doing, and what they would do in addition if they had the power, it is possible that they would not be long in excluding from seats on this floor every man who is a bondholder or banker.

But gentlemen here are loud-spoken against repudiation when it touches the bondholder or national banker. Have not some gentlemen, members of the present Congress, voted in a former Congress for the so-called legal-tender act, which authorized and legalized the repudiation of private debts and contracts? The courts are full of cases where persons who had loaned gold on a contract to receive gold in payment were forced to take greenbacks worth forty cents on the dollar. How much more honorable or less dishonorable would it be to refuse to pay the principal and interest of these bonds, and especially so when the bondholders have already been fully paid, and overpaid, as I have before remarked?

The bonds ought to be repudiated because the capitalists knew when they bought them that while the war lasted prices would be high, people would be apparently getting rich, the taxes, enormous as they were, would be paid for a while, long enough to enable them to get back their principal, with interest in gold, which they have more than received, and that when the people "got through burying their dead,"

when time should heal to some extent the wounds made by the war, when the factitious values of property would pass away, and the people would repudiate the debt, as all nations and peoples have ever done with such national debts, their bonds might be worth something.

In this view of the case they bought the bonds simply as a business transaction. Not one in fifty of them bought bonds from motives of patriotism. Not a single one of them would have bought a bond if he had been compelled to pay $1,000 in gold for a bond calling for $1,000, if principal and interest had both been payable in gold. It was their interest to prolong the war and their principle to bleed the Government. They did it; the purchase of the bonds, and the national banking system growing out of their issue, were simply sharp business transactions.

After the revolutionary war the same reasons were urged by capitalists for the payment of the continental money, namely, that it was lent to the Government from patriotic motives; they now call it "loyalty." The people then, as now, knew the assertion to be untrue, and repudiated the whole debt. In Benton's Debates, volume one, page 193, we find a distinguished member of Congress from New Hampshire, Mr. Livermore, using the following language:

"Money lent in this depreciated and depreciating paper can hardly be said to be lent from a spirit of patriotism: it was a mere speculation in public securities. They hoped by putting their money into the loan-office, though in a depreciated state, to receive hard money for it by and by. I flatter myself this prediction will never be effected."

After being the chief instruments in depreciating the currency and distressing the Government by withholding their money until they could invest it at rates ruinous to the people and the country, they and their friends now prate about loyalty. There is scarcely one of them, who would not levy upon and sell the woolen leg of a crippled soldier to obtain their gold interest. Their dues must be paid. The party in power—it is almost synonymous with the moneyed oligarchy now reaching for the very vitals of our national life—has amused and deceived the people with new expedients; tempted their cupidity with new-fangled financial schemes; declaimed in indefinite terms about liberty, equality, and universal brotherhood, and suffrage, and being the friends of the laboring man; asserted in the most presumptuous manner the extreme friendship of that party for the people; while its acts, legislative and otherwise, are the very opposite of the aforesaid professions.

Pisistratus preached liberty and equality, was the friend of the poor, denounced Solon and other patriots and sages who were in his way as enemies of the people. In this way he flattered their vanity, and they therefore yielded to him their credulity, and their country was subjugated to despotism. Julius Cæsar and Robespierre and his Jacobin club, and Louis Napoleon and the Radical party have all done the same thing. Our liberties as citizens have been taken from us. But despite the bare-faced villainy of those stock-gamblers it may be truly said that "knaves still proselyte fools," and thieving politicians still have their friends and apologists.

I am in favor of the payment of back pay, bounty, commutation, prize money, or whatever may be justly due to the soldiers and the sailors and others who fought to put down the rebellion; in favor of paying pensions to all entitled to the same, especially to the widows and orphans of our deceased soldiers.

But we are to have a funded debt. It has been justly, truthfully said that "of all the schemes ever devised by the perverse ingenuity of man for making the rich richer and the poor poorer, the weak weaker and the strong stronger, the funding system, with its accessories, holds the highest rank." The enormous monopolies of the country are but accessories of the bond system, and their power will be diminished when the bonds are repudiated.

When William of Orange inaugurated the funding system of England Doubleday says that the yeomanry of England were a manly, self-reliant, and independent race of men; that they mostly were the owners of their own cottages and gardens; that every man had constant employment at good wages. What are they now? Stripped of their property, all the land of Great Britain in the hands of three thousand men, the laboring masses the mere slaves and vassals of the moneyed oligarchy; and the funding system did it.

John Francis, in his Chronicles and Characters of the Stock Exchange, says that the moneyed interest was unknown until 1692; and adds:

"But now the tremendous potency of the monetary power directs the destinies of nations. We behold in tangible form a power so terribly strong that, with a touch, it can paralyze armies. We behold a power gradually weaving around us a net from which it is impossible to escape, and claiming with a stern accent which brooks no denial the right of property in ourselves, our soil, our earnings, our industry, and our children. To this moneyed influence we can trace most of the political changes which perplex mankind and which seem to baffle explanation. The wisest of our statesmen have tried to check its advance and failed to do so; the worst of them have encouraged its growth and declared it almost harmless; the most adroit have yielded to its power and made money by so doing. Interest after interest has gone down in a vain struggle to oppose it, yet its appetite is as keen as ever."

He says that the most colossal fortunes and the most abject poverty exist in England together. Doubleday says that at the time the funding system was inaugurated the poor-rates were only £300,000, while they are now £8,000,000. In the mean time the population has trebled and the poor-rates have increased nearly thirtyfold. It has been well said that the contest between the people and the funding system has apparently ended in England, but it is in its incipiency here. In this country the issue is well defined; as I remarked in the outset, it is subjugation of the people by the moneyed power or repudiation of the bonded debt.

Why does our Government refuse to take its own paper for customs while it forces our citizens to take greenbacks for notes payable by their terms in gold for gold borrowed or loaned? It is claimed that the bondholders must have gold interest because it is so agreed. Why not have the person who deposits gold in banks receive gold in payment when it is so agreed? The sales of gold by the United States Treasury is nothing less than repudiation. The Government promises on a greenback, or a legal-tender note if you please, to pay the bearer five dollars; it refuses to take that note in payment of custom duties. While it has gold in the Treasury it will not redeem its promise, its own paper, but puts the gold in market, perhaps secretly, and shaves its own paper; buys it in at seventy cents or less when it promised one hundred cents.

If we repudiate these iniquitous bonds, already overpaid, refuse to pay them again, the credit of our Government will be much stronger, because we will be out of debt; its notes will assume a par value and be receivable for import duties and everything else at their face. In place of paying gold to the rich and rags to the poor, as we now do, there will be one kind of currency for all, and gambling in United States stocks will be at an end.

There are a few small bondholders who obtained their bonds honestly. To such I would say profit by the example set by the New Englanders in regard to their slaves. They sold their slaves for money to the South and then succeeded in abolishing slavery and rendering the property so sold worthless. Let the small bondholders sell their bonds to the large ones. Repudiation of the bonds is coming with the certainty [illegible]. Let the honest turn their bonds over [illegible] those who have grown rich by banking and stock gambling. They can afford to lose them.

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INTENTIONAL SECOND EXPOSURE
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Regulus, her Cato, and her Cicero, she also had her Clodius, her Sylla, and her Cæsars, honored in their day as the friends of the people.

It matters not whether Marius or Sylla, Cæsar or Pompey prevailed, the victory was in the name of liberty; the republic was honored with a triumph and a clamor of approbation echoed from the forum and the capitol. Even Augustus Cæsar, absolute as he was, preserved the forms and mockery of a republic, just as the party in power now do; while, by the perversion of his vast patronage to his own aggrandizement, he made an obsequious and prostituted Senate the registers of his will, and in the name of liberty fastened a heavy and enduring yoke on an applauding populace.

France had her Danton and her Robespierre; and after the bloody idol of licentious liberty had crushed its thousands and overturned the temple of the true God a Pretorian band of grenadiers delivered over the "republic" to a Bonaparte, not to a Grant!

Madame Roland, under the guillotine, exclaims:

"Ah, liberty! what crimes are committed in thy name!"

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